

**ENERGY RETAIL
ASSOCIATION LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2007



Company no 4844678

ENERGY RETAIL ASSOCIATION LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2007

Company registration number	4844678
Registered office	4th Floor 17 Waterloo Place London SW1Y 4AR
Directors	Mr D Sedgwick Mr D W MacDiarmid Mr P M A Phillips-Davies Ms E K Eisenschimmel Mr I Peters Mr G Bartlett Mr K Miles
Secretary	Mr G T Kirby (resigned 11 September 2007) Mr A Orr (appointed 11 September 2007)
Bankers	Barclays Bank plc Croydon & North Surrey Group 5th Floor 17 Landsdowne Road Croydon Surrey CR0 2BX
Auditors	Grant Thornton UK LLP Registered Auditors Chartered Accountants Centre City Tower 7 Hill Street Birmingham B5 4UU

ENERGY RETAIL ASSOCIATION LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2007

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ENERGY RETAIL ASSOCIATION LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 December 2007

Principal activity

The company's principal activity is a trade association for energy suppliers and was set up by the industry to identify areas where energy suppliers can work together for the common good without competitive advantage. The company is limited by guarantee.

Directors

The present membership of the Board is set out below. All served on the Board throughout the year, unless otherwise stated.

Mr D Sedgwick
Mr N W Horler (resigned 5 July 2007)
Mr D W MacDiarmid
Mr P M A Phillips-Davies
Mr D L Threlfall (resigned 31 January 2008)
Ms E K Eisenschimmel
Mr I Peters (appointed 3 January 2007)
Mr G Bartlett (appointed 11 September 2007)
Mr K Miles (appointed 31 January 2008)

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ENERGY RETAIL ASSOCIATION LIMITED

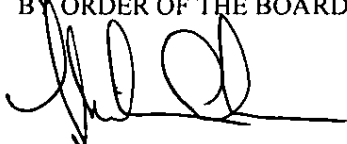
REPORT OF THE DIRECTORS

Auditors

Rogers Spencer resigned as auditors during the period and Grant Thornton UK LLP were appointed in their place. The auditors offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities and with the Financial Reporting Standard for Smaller Entities (Effective January 2005).

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'A Orr', written over a horizontal line.

A Orr
Secretary
14 May 2008

REPORT OF THE AUDITORS TO THE MEMBERS OF ENERGY RETAIL ASSOCIATION LIMITED

We have audited the financial statements of Energy Retail Association Limited for the year ended 31 December 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and notes 1 to 9. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (Effective January 2005).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the report of the directors and financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the report of the directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the report of the directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

REPORT OF THE AUDITORS TO THE MEMBERS OF ENERGY RETAIL ASSOCIATION LIMITED

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the report of the directors is consistent with the financial statements



GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS

Birmingham
14 May 2008

ENERGY RETAIL ASSOCIATION LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2007

	Note	2007 £	2006 (as restated) £
Turnover	1	3,598,700	2,603,808
Administrative expenses		(3,679,211)	(2,649,506)
Other operating income		48,000	48,000
Operating (loss)/profit		(32,511)	2,302
Interest receivable	3	72,107	32,596
Profit on ordinary activities before taxation	2	39,596	34,898
Tax on profit on ordinary activities	4	(14,244)	(6,218)
Profit on ordinary activities after taxation	8	25,352	28,680

All of the operations are continuing

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2007

	2007 £	2006 (as restated) £
Profit for the financial year	25,352	28,680
Total recognised gains and losses for the year	25,352	28,680
Prior year adjustments (see note 1)	(571,200)	
Total gains and losses recognised since last financial statements	(545,848)	

The accompanying accounting policies and notes form an integral part of these financial statements

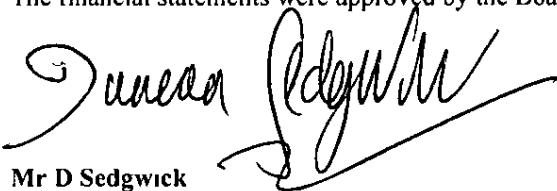
ENERGY RETAIL ASSOCIATION LIMITED

BALANCE SHEET AT 31 DECEMBER 2007

	Note	2007 £	2006 (as restated) £
Fixed assets			
Tangible assets	5	<u>13,159</u>	<u>6,434</u>
Current assets			
Debtors	6	<u>2,094,343</u>	<u>1,866,028</u>
Cash at bank and in hand		<u>1,106,694</u>	<u>1,087,509</u>
		<u>3,201,037</u>	<u>2,953,537</u>
Creditors' amounts falling due within one year	7	<u>(3,138,983)</u>	<u>(2,910,112)</u>
Net current assets		<u>62,052</u>	<u>43,425</u>
Total assets less current liabilities and net assets		<u>75,211</u>	<u>49,859</u>
Capital and reserves			
Profit and loss account	8	<u>75,211</u>	<u>49,859</u>
Members' funds		<u>75,211</u>	<u>49,859</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (Effective January 2005)

The financial statements were approved by the Board of Directors on 14 May 2008



Mr D Sedgwick
Director

ENERGY RETAIL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2007

1 ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (Effective January 2005) and applicable United Kingdom Accounting Standards

b) Consolidation

Exemption has been taken for preparing group accounts under S 248 of the Companies Act 1985. The company is also exempt from the preparation of a cash flow statement on the grounds of it being a small company

c) Change of accounting policy

Previously, revenue was recognised as it was invoiced. Following the change in accounting policy, when the company enters into a contract at no profit, costs are recognised as they are incurred and revenue is matched to ensure that no profit is recognised throughout the life of the contract. This change in accounting policy resulted in a reduction in turnover and profit for the year ended 31 December 2006 of £571,200, with an increase in deferred income of that amount at 31 December 2006

d) Turnover

Turnover is the total amount receivable by the company for subscriptions and services provided, excluding VAT. Where the association enters into contracts at no profit margin, revenue is recognised in line with costs

e) Tangible fixed assets and depreciation

All fixed assets are initially recorded at cost. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are

Fixtures, fittings and equipment 25% to 33.3% straight line

f) Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

ENERGY RETAIL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2007

1 ACCOUNTING POLICIES (CONTINUED)

f) Taxation (continued)

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

g) Pension contributions

Contributions to defined contribution pension schemes are charged to the profit and loss account in the period in which they fall due

h) Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging/(crediting)

	2007 £	2006 £
Auditors' remuneration		
- Audit services	7,500	5,000
Pension contributions	15,389	23,248
Other operating income		
- Management charge	(48,000)	(48,000)
Depreciation of owned tangible fixed assets	<u>6,696</u>	<u>2,949</u>

3 INTEREST RECEIVABLE

	2007 £	2006 £
Bank interest	<u>72,107</u>	<u>32,596</u>

ENERGY RETAIL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2007

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and represents

	2007 £	2006 £
Corporation tax at 20% (2006 19%)	14,244	6,193
Adjustments in respect of prior year	-	25
	<u>14,244</u>	<u>6,218</u>

5 TANGIBLE FIXED ASSETS

	Fixtures, fittings and equipment £
Cost	
At 1 January 2007	12,438
Additions	13,421
At 31 December 2007	<u>25,859</u>
Depreciation	
At 1 January 2007	6,004
Provided in the year	6,696
At 31 December 2007	<u>12,700</u>
Net book amount	
At 31 December 2007	<u>13,159</u>
At 31 December 2006	<u>6,434</u>

6 DEBTORS

	2007 £	2006 £
Trade debtors	1,995,015	1,840,762
Amounts owed by subsidiary undertakings	-	8,523
Other debtors	99,328	16,743
	<u>2,094,343</u>	<u>1,866,028</u>

ENERGY RETAIL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2007

7 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006 (as restated)
	£	£
Trade creditors	550,608	349,898
Corporation tax	14,244	6,218
Taxation and social security	208,662	186,821
Amounts due to subsidiary undertakings	200,402	-
Other creditors	30,069	10,975
Deferred income	2,135,000	2,356,200
	<u>3,138,985</u>	<u>2,910,112</u>

8 RECONCILIATION OF MOVEMENTS IN PROFIT AND LOSS ACCOUNT AND MEMBERS' FUNDS

	2007	2006 (as restated)
	£	£
Profit for the financial year	25,352	28,680
Members' funds at 1 January (£621,059 before a prior year adjustment of £571,200 – see note 1)	49,859	21,179
Members' funds at 31 December	<u>75,211</u>	<u>49,859</u>

9 RELATED PARTIES TRANSACTIONS

Energy Retail Association Limited (ERA) is the sole member of the Association of Energy Suppliers (AES), a company that is limited by guarantee and incorporated in England and Wales. During the period ERA charged AES £48,000 (2006 £48,000) in management fees to cover administration costs and use of office. There was a recharge of specific costs totalling £70,152 (2006 £32,354). There is also a group VAT registration in place. At 31 December 2007 ERA owed AES £200,402 (2006 AES owed ERA £8,523).

D Sedgwick is a director of ERA and also a director of Gateway Management Solutions Limited. During the year consultancy fees were charged from Gateway Management Solutions Limited of £206,824 (2006 £191,244). There was no balance owing at the year end.

No other directors are remunerated by ERA.